The University of Wisconsin

Stevens Point's

$671 million Impact

On the Wisconsin Economy

May 2019

Acknowledgements

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Executive Summary

UW-Stevens Point (UWSP) and its affiliated campuses at UW-Marathon County and UW-Marshfield/Wood County contribute over $671 million per year to the Wisconsin economy, while supporting 6,322 Wisconsin jobs and generating $40.9 million in state tax revenue.

The University of Wisconsin-Stevens Point is one of eleven comprehensive universities in the UW System. The economic impact of UWSP comes from spending in the Wisconsin economy. The sources of related spending include operations, faculty and staff, students, and visitors.

The total economic impact comes from two sources: the direct spending of faculty and staff, students, visitors University operations, and capital spending, and indirect and induced spending, which results from direct spending cycling through the regional and state economy. The spending from businesses that benefit from the direct spending of faculty and staff, students, visitors, and UWSP operations creates additional indirect or induced economic activity that results in jobs and taxes generated within the state.

THE ECONOMIC IMPACT OF THE UNIVERSITY OF WISCONSIN-STEVENS POINT

Annual Impact on the Wisconsin Economy:

- **$671.3 million in total impact on the Wisconsin economy**
- **6,322 Wisconsin jobs created and supported**
- **$40.9 million in state and local tax revenue generated**
- **Each UWSP graduating class generates more than $40 million in total impact.**

Purpose and Scope

The purpose of this study is to measure the economic impact that the University of Wisconsin-Stevens Point has on the state economy. The university's economic impact comes from spending in operations on the campus, spending of faculty, staff, students and visitors. The spending from these sources, in turn, creates jobs and generates tax revenue.

The study updates an economic impact study done for UW-Stevens Point in 2015. The basic methodology used in this study is consistent with that used in the prior study.

Economic Impact of UW-Stevens Point

The economic impact of UW-Stevens Point comes from spending in the Wisconsin economy. The sources of related spending include operations, faculty and staff, students, and visitors.

The total economic impact comes from two sources:

1. The direct spending of faculty and staff, students, visitors and university operations. Direct spending supports local and state businesses and those businesses in turn employ workers and spend money in the state economy.
2. Indirect or induced spending results from direct spending cycling through the regional and state economy. The spending from businesses that benefit from the direct spending of faculty and staff, students, visitors, and university operations creates additional indirect or induced economic activity that results in jobs and taxes generated within the state.

Direct spending of $313.2 million feeds the economic engine that in turn generates more than $358.2 million in indirect and induced spending. Overall, the sum of this economic activity is over $671 million.

When considering the economic impact of the UW-Stevens Point campus independently, we find that the campus generates $584 million in economic impact. This compares favorably to the estimated $420 million in economic impact that was reported in 2015. The increase is due both to improved economic conditions as well as an increase in market size due to the campus restructuring.

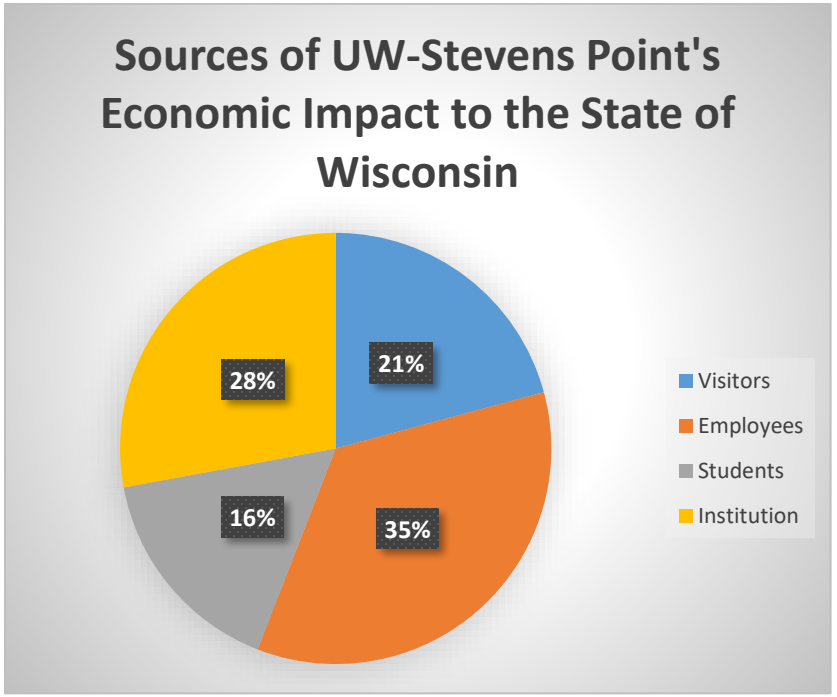
Direct spending of nearly $313.2 million feeds the economic engine that in turn generates over $358.2 million in additional economic activity.

The $671 million of economic impact comes from a variety of sources:

Figure 1. UW-Stevens Point Economic Impact to the State of Wisconsin

Contributor	Contribution	% Share
Employees	$235.6	35.1%
Students	$108.8	16.2%
Institution	$187.3	27.9%
Visitors	$139.6	20.8%
Total	**$671.0**	**100%**

Figure 2. Sources of UW-Stevens Point Economic Impact to the State of Wisconsin



Direct Economic Impact of UW-Stevens Point

UW-Stevens Point related direct spending in the state economy amounts to more than $269.5 million per year. The primary contributors of that spending are students, employees, visitors, and UW-Stevens Point's non-payroll spending for operations of the university.

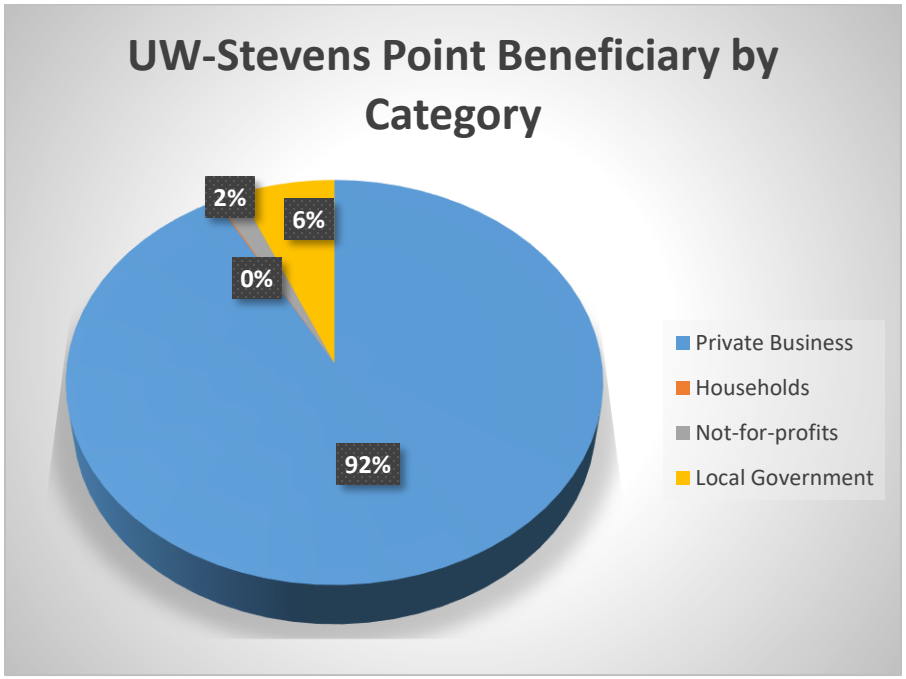
This spending contributes more than $26.5 million to local government revenue and more than $6.7 million to not-for profits or charities.

The primary beneficiary of UW-Stevens Point's economic impact is private business which results in $616.3 million in economic spending.

Figure 3. UW-Stevens Point Economic Impact Beneficiary Categories

Recipient	Benefit
Private Business	$616.3 million
Local Government	$42.4 million
Not-for-profits	$10.7 million
Households	$1.9 million
TOTAL	**$671 million**

Figure 4. UW-Stevens Point Direct Spending by Category



Impact of UW-Stevens Point on Wisconsin Jobs

Spending related to UW-Stevens Point has a significant impact on Wisconsin jobs. Jobs attributable to UW-Stevens Point occur in five ways:

- Faculty and staff are directly hired by the university to teach, conduct research, do public service, and perform a variety of administrative functions
- Operational spending creates jobs in regional and state businesses
- Employee spending creates jobs in the region and state
- Student spending creates jobs in the region and state
- Visitor spending creates jobs in the hospitality and related industries

UW-Stevens Point's tax impact results from the overall economic activity of the university. UW-Stevens Point faculty and staff pay state income taxes on their university and other income. They pay sales taxes on many types of expenditures.

Faculty and staff spending and the spending of the university on operations generate jobs. Those jobs in turn generate income taxes, sales taxes and property tax payments. The spending of students and visitors generates sales taxes. That spending, in turn, creates jobs, and spending from those jobs generates sales and income taxes. Overall, UW-Stevens Point economic activity generates more than $40.8 million in state and local tax revenue.

Figure 5. UW-Stevens Point Impact on Jobs (Full-Time Equivalent)

Job Generator	Jobs
Employees directly employed by the UWSP	1,868
Employee spending	1,523
Student spending	1,225
Operational spending	957
Visitor spending	748
Total Job Impact	**6,321**

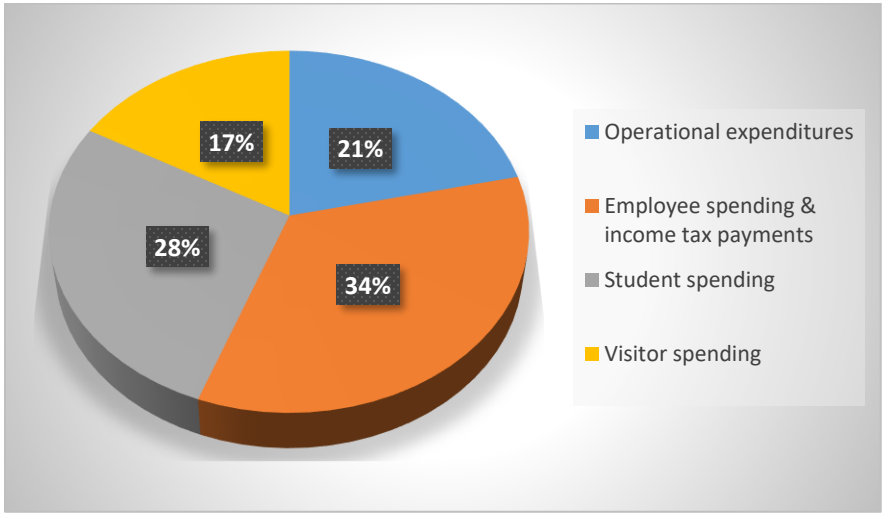
UW-Stevens Point Tax Revenue Impact

The economic activity generated by UW-Stevens Point results in state and local tax revenue. The tax revenue comes from state income tax payments, sales tax payments and payments for local property taxes. The sources of that tax revenue are shown in Figure 6 and 7.

Figure 6. UW-Stevens Point State and Local Tax Revenue Impact

Tax Revenue Source	Tax Revenue
Employee spending & state income tax payments	$13.9 million
Student spending	$11.5 million
Operational expenditures	$8.59 million
Visitor spending	$6.95 million
Total Tax Revenue	$40.8 million

Figure 7. Sources of Tax Revenue Generated by UW-Stevens Point



Return on Public Investment

The University of Wisconsin-Stevens Point is a well-respected public university. The university is based upon public investment in higher education that goes back to the founding of the State of Wisconsin in 1848. For over 120 years, the citizens of the State of Wisconsin have supported the teaching, research and public service missions of UW-Stevens Point. Without the annual public investment by the State of Wisconsin, UW-Stevens Point could not generate the total economic impact reported in this study.

As economic conditions have changed, the university has drawn resources from other sources to complement state investment. The state's contribution to the university's budget in 2016-17 in state tax dollars was $34.0 million. UW-Stevens Point Wausau Campus and UW-Stevens Point Marshfield Campus received and additional estimated $2.7 million in state support.

The total economic impact of UW-Stevens Point in 2017-18 was $671 million. For every $1.00 of state tax investment in the university, there is $18.28 in economic activity in the State of Wisconsin.

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Economic Impact of the UW - Stevens Point – Wausau Campus and UW – Stevens Point – Marshfield Campus

The economic impact of the two former University of Wisconsin Colleges campuses in Marathon County (Wausau) and Wood County (Marshfield) were estimated independently. It is important to especially note the contribution of these two campuses to the UW – Stevens Point institutional impact as their addition marks the most notable structural change since the 2015 impact study.

Each campus serves a more closely-defined geographic market, serves a smaller mix of traditional and non-traditional students, and have smaller and different operating and capital budget structures. As such, their economic impact will differ slightly from that of the main campus in Stevens Point.

It is also important to note that the economic impacts previously demonstrated in this report assumes the existence of a three-campus system. As such, the summary impacts presented here are not additive to that of the system.

It is further estimated that, based on the $1.2 million of state tax investment to the UW – Stevens Point Wausau Campus and the $1.7 million committed to UW – Stevens Point Marshfield Campus in 2017-2018 that every $1.00 of state tax investment yields $42.25 and $21.12 in economic impact, respectively.

UW – Stevens Point Wausau Campus	
Estimated Economic Impact	$50.7 million
Jobs Created/Supported	441
State/Local Tax Revenue	$3.1 million

UW – Stevens Point Marshfield Campus	
Estimated Economic Impact	$35.9 million
Jobs Created/Supported	327
State/Local Tax Revenue	$1.7 million

Methodology

In order to identify and estimate the total economic contribution that any organization or activity makes to the state or regional economy, it is necessary to look beyond the direct expenditures made by the organization itself. There is a "ripple effect" of the expenditures made for goods and services related to the activity. Wages paid to workers are spent on housing, food, clothing, entertainment, etc. By the same token, business revenues generated from supplying foods and services to UW-Stevens Point are paid out in wages, and costs of additional goods and services, costs of living, etc. This multiplier effect is accounted for both in terms of indirect effects of the direct spending, as well as induced effects (essentially, the further effects of the indirect effects) to calculate total economic impact.

The "multiplier effect" refers to the recurrent economic activity generated by an initial expenditure. For example, money spent directly on construction will cycle through the local economy again as wages to the tradesmen, purchases of construction materials such as lumber, tools and nails, gasoline for machinery and worker transportation. The initial wave of spending generates a second and third wave of spending as wages paid and profits made on the direct construction spending spins through the economy in several cycles. Thus, the original direct expenditure yields a greater economic impact than just the money initially spent. Some money "leaks out" of the regional economy at each level as some spending is done outside the region (some goods purchased may originate in another state, for example). As a result, the subsequent spending cycles decrease in impact.

Tax withholding estimates and other leakages were subtracted from gross payroll figures to determine payroll expenditures that benefit the regional economy. Economic multiplier models are the framework for analyzing economic impact. Derived mathematically, these models estimate the magnitude and distribution of economic impact and measure three types of effects: direct, indirect, and induced changes within the economy. Direct effects are determined by the amount of the initial spending. Indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor and taxes. Finally, the induced effect measures the money that is re-spent in

the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area.

The economic impact model, including all regional, employment, and tax effects were estimated using the Economic Modeling, Inc.'s IMPLAN Economic Impact Modeling Platform. All economic and fiscal data is reported for the 2017-2018 fiscal year.

Addendum: Estimating the Employment and Wage Effects of UW – Stevens Point Alumni

Every college and university deeply understands that its primary mission is to educate students and thereby prepare generations of talent to build their regional economies. The tangible and intangible impacts of alumni are most closely experienced by alumni associations, foundations, and endowments as institutions recognize their giving and contributions. However, the more significant immediate impact of a university's role as talent engine can be estimated by examining the employment and wage effects of each graduating class.

Estimating the economic impact of a university's graduating class is an inexact science, at best. Most universities attempt to measure graduate outcomes through follow-on surveys and other means of alumni engagement. Surveys of this type often fall prey to poor response rates and perceived overstatement biases. Similarly, few alumni associations regularly survey their members so as to update these initial findings.

The project team has worked with University staff from the Career Services and Alumni Relations offices to provide an initial glimpse at the possible impact of the graduating classes of 2016 and 2017. The intent is that these conditional estimates may serve as a baseline for a routine analysis of these effects.

Estimating the Impact of the 2016-2017 Graduating Class

The first student cohort to be analyzed is the graduates of the mid-year and spring classes of the 2016-2017 graduation year. These students were surveyed within six months following graduation, yielding a response rate of between 26 and 44 percent. The table below present economic impact estimates for graduates of each of the University's four colleges regardless of where the alumnus either resides or is employed.

College	Number of Graduates	Estimated Economic Impact
Fine Arts and Communications	76	$3.3M
Letters and Sciences	281	$13.3M
Natural Resources	161	$7.8M
Professional Studies	290	$14.3M
University Total	**808**	**$38.8M**

Estimating the Economic Impact of the 2017-2018 Graduating Class

The first student cohort to be analyzed is the graduates of the mid-year and spring classes of the 2016-2017 graduation year. These students were surveyed within six months following graduation, yielding a response rate of 30 and 44 percent. The table below present economic impact estimates for graduates of each of the University's four colleges regardless of where the alumnus either resides or is employed.

College	Number of Graduates	Estimated Economic Impact
Fine Arts and Communications	93	$3.6M
Letters and Sciences	288	$12.2M
Natural Resources	221	$9.5M
Professional Studies	346	$15.0M
University Total	**948**	**$40.3M**

It is not possible to draw strong conclusions from this analysis as to localized effects or economic impact by major field.

Methodology

The primary input for the employment impact analysis are the post-graduation employment surveys administered and compiled by UW-Stevens Point's Career Services Department. As such, no data is included or assumed for other alumni of UW-Stevens Point or the Marshfield or Wausau campuses.

Total salaries were estimated by applying a standard wage distribution to the non-reporting graduate population in each College. All respondent graduates were estimated at the reported Salary Mean.

Salary estimates by major field is not available due to the significant numbers of major fields that yielded no respondents.

Similarly, the surveys yields list of employers and job titles for each College. However, the summary data does not allow us to make any inferences between employer, job title, and major field.

Further, it is difficult to distinguish between local, regional, and national effects as earnings are not specifically tied to any respondent field.

The economic impact of each graduating class was estimated by applying current-year inflation measures to each cohort and incorporating a slight multiplier to account for the possibility that some respondents may hold multiple jobs. All economic impact estimates are reported in 2019 dollars.